

Subcommittee on General Government

Report on the Executive Department

Chairman - Representative Brett Geymann

Members - Ligi, Morrell, Ellington, Champagne

The Executive Department includes fifteen budget units: Executive Office, Indian Affairs, Mental Health Advocacy Service, Division of Administration, LA Recovery Authority, Homeland Security and Emergency Preparedness, Military Affairs, LA Public Defender Board, LA Stadium and Exposition District, Board of Tax Appeals, LA Commission on Law Enforcement, Elderly Affairs, LA State Racing Commission, Office of Financial Institutions, and LA State Board of Cosmetology.

The LA Manufactured Housing Commission, the Patient's Compensation Fund Oversight Board, the Workforce Commission and Office of Women's Policy and all funding (\$13.9 million) and positions (69) were transferred out of the Executive Department.

Summary of Committee Meeting

The Appropriations Subcommittee on General Government met on April 8, 2008 to hear testimony on the budget for the Executive Department.

Richard King, Executive Director of the Northeast Foodbank of Louisiana testified on the need of additional funding in the amount of \$15 million. They will buy food from Louisiana businesses to feed the needy, elderly, and homeless. Last year this foodbank received \$5 million from the state. The foodbank is getting less assistance through other programs and that is why more state financial assistance is needed. Other witnesses testified on the needs for additional funding for Louisiana's foodbank.

Chris Keaton, budget analyst for the House Fiscal Division, presented the budget for the department, including a review of the department's means of finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, a review of total funding for each agency within the department including the main source of revenue and number of authorized positions.

In particular, Mr. Keaton discussed the following budget adjustment increases: \$24.8 million Statutory Dedications (SD) and four new positions for the Executive Office to provide for infrastructure for the statewide interoperable communications system. (This system is designed with the capacity to transport voice, data, and imagery in support of state and local government response to any emergency event. The source of funding is \$13.3 million from the 2004 Overcollections Fund and \$11.5 million from the Interoperability Fund.); \$18.6 million SD and an additional position in the Division of Administration for implementation of a new statewide information system. (The total cost of implementation and maintenance is projected to be \$125 million and require twenty-five new positions over the next decade. The source of funding is from the 2004 Overcollections Fund.); \$5.4 million SD in the Office of Military Affairs from the State Emergency Response Fund to

continue providing National Guard troops for law enforcement assistance to the city of New Orleans from July to September (The National Guard will gradually reduce their number of troops and should be fully withdrawn by September 2008. The state has provided \$53.3 million in law enforcement assistance to New Orleans since Hurricane Katrina.); \$1.7 million SGF in the Office of Homeland Security and Emergency Preparedness to provide a 50% state match for a federal Emergency Management Performance Grant which is designed to help the state achieve and sustain emergency management programs; \$1.1 million SGF in the Office of Elderly Affairs to provide for an increase in the formula used to calculate funding for the Parish Councils on Aging (Act 344 of the 2007 Regular Legislative Session increased the funding formula for parish councils on aging for persons 60+ from \$1.25 to \$2.50 and increased the minimum payment to parish councils on aging from \$37,500 to \$100,000.); \$1 million SD in Military Affairs for acquisitions and major repairs including vehicles, office equipment, computer equipment, and repairs to buildings; \$550,000 SGF in the Division of Administration for development and implementation of policy initiatives; and \$501,000 in the Office of Homeland Security and Emergency Preparedness for replacement of meals ready-to-eat and water that will expire.

Mr. Keaton explained the following significant budget decreases: \$3.17 billion FED to non-recur funding in the Division of Administration relative to the Road Home Program associated with Hurricanes Katrina and Rita; \$1.06 billion FED to non-recur funding in the Office of Homeland Security and Emergency Preparedness relative to Public Assistance and Hazard Mitigation associated with Hurricanes Katrina and Rita; \$35 million FED to non-recur funding in the LA Commission on Law Enforcement relative to reduced spending associated with the Hurricane Criminal Justice Infrastructure Recovery Grant; \$30.5 million SGF to non-recur funding in the Division of Administration for carryforward projects that will be completed in the current fiscal year.

Questions

Representative Ellington asked if the funding for Homeland Security would help all areas of the state with emergency preparedness. Mark Cooper, Director of Homeland Security and Emergency Preparedness, said that the funding is based on a formula for all parishes and that is how the money is allocated.

Representative Ellington also asked if Elderly Affairs programs would receive more funding or less funding based on the budget. Mr. Keaton said that some programs would receive less because line-item amendments were eliminated.

Representative Champagne asked if the new statewide information system would cost \$100 million or \$125 million. Mr. Keaton said that the total cost would be closer to \$125 million including all of the initiatives proposed for the system.

Chairman Geymann asked Mr. Terrence Ginn about the Executive Office. Mr. Ginn said that the office would seek an amendment to increase interagency transfer authority for the Wallace Foundation Grant.

Representative Ellington asked if the Office of Mental Health could assist certain facilities that provide mental health services. Mr. Kevin Robshaw said that this agency provides legal representation and that it may be more appropriate for the Dept. of Health and Hospitals to provide this assistance. Representative Morrell asked if the Office of Mental Health only provides legal representation. Mr. Kevin Robshaw said that most of their clients were being committed against their will and that they provide legal representation. Representative Morrell asked if it would be more fiscally responsible for the office to be under DHH. Mr. Robshaw said it would be a conflict of interest because the patient's interest would be different from the DHH perspective. Representative Morrell asked how many people are represented per year. Mr. Robshaw said that they represented about 3,450 mental health people and also represent children who have been neglected. He said that the department has started representing children in New Orleans and in Lake Charles.

Representative Champagne asked about the \$550,000 increase in the Division of Administration. Barbara Goodson said that the state's economist can advise regarding the addition or subtraction of funding, but they do not provide economic analysis of return on investment. She said that the Division of Administration would issue an RFP to the universities because they could give better economic analysis on return on investment.

Representative Morrell asked if the Inspector General's Office would be moved out of the Division of Administration and require more positions or funding. He also asked the cost of the toll-free hotline. Monique Appeaning said that the Inspector General's Office would request one additional position and related funding and that she was not certain how much money was needed for the toll-free hotline.

Chairman Geymann asked when the LRA would sunset. Paul Rainwater said that 7 positions have been consolidated and that the office would end in 2010. Chairman Geymann asked why the agency needed funding for new computers when they would soon be dissolved. Paul Rainwater said that the LRA would be moved to the Office of Community Disaster and that all equipment would be moved to that office. Representative Morrell asked about the status of Road Home and if ICF was looking into underpayments of Road Home funds as well as overpayments. Paul Rainwater said that ICF is evaluating the situation and trying to assist applicants and that an appeals board would also assist applicants. He also stated that time lines and other performance measures were installed to ensure applicants were assisted in appropriate amounts of time.

Chairman Geymann asked about the \$500,000 for MRE's and water being purchased by the Office of Homeland Security and Emergency Preparedness. Mark Cooper said that these purchases are for replacement and that the office was working with other agencies to ensure that the supplies do not expire. He testified that the office gave bottled water to parishes when their water supply was down. He further stated that they rotate the MRE's out with other agencies, like the National Guard. Representative Morrell asked if the 4 vacant positions on the Interoperability Committee would be filled. Mr. Cooper said the positions would be filled.

Representative Champagne asked about the \$300,000 provided for the Southern Regional Anti-terrorism Training Academy. Mr. Cooper said that the training was necessary because Louisiana is a high risk target due to our infrastructure.

Representative Ligi asked if the National Guard was responsible for security in New Orleans when presidents from different countries visited. General Basillica, from Military Affairs, said that State Police would coordinate and the National Guard would assist.

Representative Morrell asked for Ed Greenlee to explain to the committee how the state board interacted with local boards for indigent defense. Ed Greenlee said that the local boards received about half of their costs from local revenues and the state provides indirect assistance to these boards.

Mr. Gary Ortego discussed the Board of Tax Appeals relocation to a new building and the increase in their budget to pay for it.

Representative Champagne wanted a list of parishes and their proposed funding related to Elderly Affairs, and she wanted to know if the office applied for federal funding. Mr. Bobby Fontenot said that approximately half of their total funding of \$44 million was from federal funding. Chairman Geymann asked Mr. Fontenot to explain why elderly affairs offices were scheduled to receive less funding when the administration placed more money into the budget. Mr. Fontenot said that the administration increased the formula but also decreased the base for each parish by \$10,000. Therefore, some parishes elderly affairs offices will receive less funding.

Elise Read discussed the budgets for the seventeen budget units in Other Requirements Schedule 20.

Subcommittee on General Government

Report on the Department of Veterans Affairs

Chairman - Representative Brett Geymann

Members - Ligi, Morrell, Ellington, Champagne

The Department of Veterans Affairs includes the Veterans Affairs Administration, Claims, Contact Assistance, and State Approval Agency programs and five war veterans' homes.

Summary of Committee Meeting

The Appropriations Subcommittee on General Government met on March 27, 2008 to hear testimony on the budget for the Department of Veterans Affairs. Chris Keaton, budget analyst for the House Fiscal Division, presented the budget for the department, including a review of the department's means of finance, significant budget increases for FY 08-09, significant budget

decreases for FY 08-09, a review of total funding for each office within the department, information related to assistance for Louisiana's veterans, and statistics on the number of veterans in Louisiana.

In particular, Mr. Keaton discussed the budget adjustment related to \$374,000 in additional federal funding at the Northeast, Southwest, and Southeast War Veterans Homes for increased costs of medical supplies as services being directly provided to Medicare eligible veterans. These war veterans homes will be providing services covered by Medicare that were contracted out in the past. The homes will directly bill Medicare for these services, which should result in the realization of additional federal revenue for these veterans homes. Mr. Keaton also discussed funding provided for the following: \$1.6 million federal funds to annualize salaries for positions that were added during the current fiscal year as a result of the opening of two new veterans homes (Northwest and Southeast) and the expansion of 35 beds in the Southwest facility; \$425,000 in all means of finance to provide for acquisitions; \$335,000 in federal funds to provide for a professional services contract with a private company that will provide rehabilitation services to veterans at the Northeast War Veterans Home; and \$250,000 for medals for Louisiana veterans.

Chris Keaton also told the committee that the number of Louisiana veterans is decreasing: the US Department of Veterans Affairs census showed that in 2001 LA had 376,000 veterans, in 2007 LA has 325,000 veterans, and 2010 projections show 304,000 veterans. Mr. Perkins said that the department would not know the full demand for war veterans' homes until all veterans' homes are fully operational.

Secretary Lane Carson informed the committee that the mission of Veterans Affairs is to coordinate the benefits for Louisiana veterans. He stated that LA Veterans Affairs is ranked 8th nationally in obtaining benefits for its veterans. Mr. Carson also stated that the veterans homes are approaching 90% occupancy. He said that US WWII veterans are dying at 10,000 per day and cemetery space is short. The department is expanding the Port Hudson cemetery and they just opened a cemetery in Keithville. He stated that there is a design for the Fort Polk area and three more in Monroe, Lake Charles, and New Orleans areas. Mr. Carson discussed the numbers of female veterans and homeless veterans who are using the state war veterans homes.

Mr. Carson addressed how the department is assisting veterans who are released from prison. He also discussed the Military Family Assistance Act that is designed for guardsmen and reservists' family members who need assistance when their spouses are deployed to war. This program provides emergency funds to these families.

Questions

Chairman Geymann asked why there a discrepancy in the proportion of state general funds used to fund the different homes. State general funding for the Northeast and Southwest Veterans Homes appears to be approximately 14% of their overall budget, but state general funding in the other three veterans homes approaches 25% of their total budget. Federal funding for the Northeast and

Southwest Veterans Homes appears to be \$600,000 to \$1 million more than the federal funds for the other veterans homes. David Perkins, undersecretary for the department, discussed that new homes rely more heavily on state general funding because there is little self-generated and federal funding. Homer Rodgers, deputy assistant secretary over operations of war veterans homes, talked about how the Northeast and LA War Veterans homes will be going to the Medicaid Program and should receive more federal revenue and require less state general funds in the next fiscal year. All five homes should be on Medicaid Programs, resulting in decreased state general funds and increased federal funds.

Representative Ligi said that about 22% of veterans come from Jefferson, Orleans, and St. Tammany parishes and he wanted to know if the reserve facility could handle those veterans. Secretary Carson assured him that the Southeast War Veterans home could adequately serve these veterans.

Chairman Fannin asked for more information on the \$250,000 state general funds for a medal program. Secretary Carson said that Louisiana would honor Louisiana veterans with a unique state medal. They are looking at designs. It would be for all Louisiana veterans.

Chairman Fannin stated that state general fund costs are increasing but revenues are decreasing, and he asked Secretary Carson to help the committee deal with this projected shortfall. Secretary Carson said the department will do without a general counsel. Secretary Carson said that state general fund would be decreasing and the department will try to obtain more federal Medicare dollars.

Chairman Geymann asked when and why Veterans Affairs was moved out of the Executive Department to become a stand alone department. David Perkins said that Governor Foster made Veterans Affairs a department when a department position opened. Joey Strickland, Deputy Secretary, talked about the war on terror and the number of states that were elevating veterans affairs to be a cabinet level department. He also said that Louisiana has a large percentage of the population who are veterans.

Subcommittee on General Government

Report on the Secretary of State

The Secretary of State includes the Administrative program, Elections program, Archives and Records program, Museum and Other Operations program and Commercial program.

Summary of Committee Meeting

The Appropriations Subcommittee on General Government met on March 12, 2008 to hear testimony on the budget for the Secretary of State. Paul Prejean, budget analyst for the House Fiscal Division, presented the budget for the department, including a review of the department's means of

finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, and a review of total funding for each office within the department.

Mr. Prejean discussed the budget adjustments related to the increases and decreases to the overall funding in the department. The net effect was an overall decrease in the recommended budget. Paul Prejean gave an overview of the mission of the Secretary of State. Deputy Secretary of State Randy Davis spoke on behalf of Secretary Jay Dardenne. Mr. Davis spoke generally on the mission of the Office of Secretary of State.

Questions

Representative Champagne asked for information regarding the salaries in the department.

Randy Davis told Representative Champagne that he would get that information to her as soon as possible. (The information was emailed to Paul Prejean the next day and forwarded to Representative Champagne.)

Chairman Geymann thanked the department for appearing before the subcommittee.

Subcommittee on General Government

Report on the Department of Justice

The Department of Justice includes the Administrative, Civil, Criminal Law and Medicaid Fraud, Risk Litigation and Gaming programs.

Summary of Subcommittee Meeting

The Appropriations Subcommittee on General Government met on March 31, 2008 to hear testimony on the budget for the Department of Justice - Office of the Attorney General. Elise Read, Senior Analyst for the House Committee on Appropriations, presented the budget for the department, including a review of the department's means of finance.

In particular, Ms. Read noted a budget increase of \$1,269,140 to provide for a pay increase for the non-managing attorneys of the department to aid in retention and recruitment of staff. A request by the agency (\$340,344 total MOF) for the same pay increase for managing attorneys was not included in the executive budget.

Ms. Read discussed a significant means of financing substitution utilized in the proposed budget, which provides for a \$1.7 million reduction in state general fund, to be substituted by an increase of

\$1.6 million in statutory dedications. At least 37% of the new statutory dedications is recommended for the acquisition of computers and cars. Approximately 37% (\$596,408) comes from the 2004 Overcollections Fund, which are excess FY07-08 revenues budgeted for expenditure in FY08-09.

Ms. Read also mentioned that two of the special funds comprising the \$1.6 million increase in appropriations recommended from statutory dedications for the agency, the Department of Justice Legal Support Fund and the Department of Justice Debt Collection Fund, are established within the law with specific restrictions on how monies appropriated from the fund may be used. These limitations include specific prohibitions on such monies being used to supplant or replace state general fund monies from prior year levels. Amounts recommended to be appropriated from these two funds exceed amounts requested by the agency in their budget request, and also exceed the level expended in FY06-07.

Renee Free, Direction of Administration for the Department of Justice, provided more explanation of the nature of the statutorily dedicated monies in the department's budget. Ms. Free also discussed the importance of the proposed pay raise for staff attorneys and also informed the committee that the Louisiana Bankers Association had approached the Attorney General's office about assisting in the detection and prosecution of identity theft. Ms. Free discussed the need for additional support from the Attorney General's office with respect to the Secretary of State's legal responsibilities with respect to election administration.

Michael Larisey, Budget Director for the Department of Justice, reported that the federal funding for support of efforts to detect and prosecute internet crimes against children is decreasing. He advised that the Attorney General's high tech crimes unit has identified over 2,800 computers in Louisiana which are active in internet child pornography. Attorney General Caldwell stressed the importance of having highly trained persons working in this area due to the importance of evidence to prosecute these crimes. He noted that this training was expensive.

Questions

Representative Ligi inquired as to the implications of the agency using monies from a dedicated fund, the use of which is restricted by law, for support of general operations of the agency. Ms. Free replied that such expenditures would be in violation of the law.

Representative Morrell asked whether the proposed reductions to the Attorney General's budget would affect any of the satellite offices, and General Caldwell stated that they may have trouble funding some of the litigation offices and that the Monroe area could be affected.

Chairman Fannin asked how the agency handles their Medicaid fraud case funding and staff. Ms. Free stated that all monies which are collected are set aside and used only for that program. Mr. Larisey added that \$2.1 million has been deposited into the Medical Assistance Program Fraud Detection Fund.

Chairman Fannin asked why identity theft investigation and prosecution could not be accomplished

by the state's district attorneys. John Sinuefield, First Assistant Attorney General, provided that the nature of the crime is such that it is not easily addressed on a distinctly local basis.

Representative Geymann asked what was the average salary for a staff attorney at the agency. Ms. Free replied that it was \$50,000 to \$60,000.

Subcommittee on General Government

Report on the Lieutenant Governor

The Office of the Lieutenant Governor consists of the Administrative program and Grants program.

Summary of Committee Meeting

The Appropriations Subcommittee on General Government met on March 27, 2008 to hear testimony on the budget for the Office of the Lieutenant Governor. Paul Prejean, budget analyst for the House Fiscal Division, presented the budget for the department, including a review of the department's means of finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, and a review of total funding for each office within the department.

Mr. Prejean discussed the budget adjustments related to the increases and decreases to the overall funding in the department. The net effect was an overall decrease in the recommended budget.

Lt. Governor Mitch Landrieu gave an overview of the mission of the Office of the Lt. Governor and the Department of Culture, Recreation, and Tourism. The meeting on the Lt. Governor's Office and the Department of Culture, Recreation and Tourism were held in tandem and many of the questions and answers were asked as if addressing one budget unit or department.

Substantive questions regarding tourism were asked during the Culture Recreation and Tourism portion of the meeting.

Chairman Geymann thanked the department for appearing before the subcommittee on the budget.

Subcommittee on General Government

Report on Department of Treasury

Summary of Committee Meeting

Eddriene Sylvester, House Fiscal Division analyst, presented a budget overview which included a history of funding, current funding, and significant changes between FY 07-08 and the FY 08-09 Executive Budget. In addition, members were provided general information for the Department of Treasury programs, mission, goals, and objectives.

State Treasurer John Kennedy and Mr. Ron Henson, First Assistant State Treasurer, were in attendance to answer questions for the department. Mr. Henson stated the department's budget is at a standstill for next fiscal year. Reductions were made to the budget request by the Division of Administration (DOA) that were not requested by the department. The Department of Treasury prepared a \$440,000 appeals package for DOA to analyze and make a recommendation. The appeal's package is still under consideration by DOA. Mr. Henson stated the department is still in discussion with DOA regarding outstanding issues with the FY 08-09 budget. He also, stated the Department of Treasury will do what is mandated by the department with funds appropriated by the legislature.

Chairman Geymann asked the department to explain the Student Tuition and Revenue Trust Savings (START) Program. Mr. Kennedy stated the Department of Treasury administers the investment side of the program and the Office of Student Financial Assistance administers the START Program. He stated that the program is very successful and legislation was passed in 2002 to provide a state match to eligible equity accounts. Mr. Kennedy stated Vanguard Mutual Funds is the investment firm that the Department of Treasury is using. They were chosen because of their efficiency and low fees.

Mr. Kennedy thanked the committee for hearing the Department of Treasury's budget. Mr. Kennedy said he and his staff are eager to work with the committee and if the committee had any other questions they may contact his office.

Subcommittee on General Government

Report on the Department of Agriculture

The Department of Agriculture includes the Management and Finance program, Marketing program, Agricultural and Environmental Sciences program, Animal Health Services program, Agro-Consumer Services program, Forestry program, Soil and Water Conservation program and Auxiliary Account.

Summary of Committee Meeting

The Appropriations Subcommittee on General Government met on March 12, 2008 to hear testimony on the budget for the Department of Agriculture. Paul Prejean, budget analyst for the House Fiscal Division, presented the budget for the department, including a review of the department's means of finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, and a review of total funding for each office within the department..

Mr. Prejean discussed the budget adjustments related to the increases and decreases to the overall funding in the department. The net effect was an overall decrease in the recommended budget. Commissioner Mike Strain gave a brief overview of the mission of the Department of Agriculture. Deputy Commissioner of Management and Finance Craig Gannuch spoke about Boll Weevil Eradication program. Both urged the restoration of funding for the program.

Questions

Chairman Geymann asked for information regarding the cost of boll weevil eradication.

Craig Gannuch responded that the program would be approximately two million dollars short of the nearly seven million dollars that is needed to effectively run the program.

Representative Ligi questioned the major decrease in the boll weevil eradication program.

Commissioner Strain explained that the funds for the program were to be funded through bonds from race tracks, however, those funds were committed to other projects by the previous commissioner and now the program is in trouble.

Representative Ligi asked if the boll weevil infestation could affect northern Louisiana in the same way termites have affected southeast Louisiana.

Commissioner Strain stated that it could and that over \$125 million already invested in protecting the crops in northern Louisiana would be for naught.

Representative Ellington acknowledged that the boll weevil will likely never be eradicated but only contained.

Commissioner Strain concurred.

Chairman Geymann asked about the number of vehicles maintained by the Department of Agriculture.

Commissioner Strain answered that there are 90 large dozers and tractors, 21 aircraft and 31 fleet vehicles throughout the 26 offices of the department in all parts of the state. The department will also sell part of the fleet to raise funds and to reduce the need for gasoline. The planes are used to help locate fires.

Representative Ligi asked about the sugar mill in Lacassine.

Commission Strain explained that it was built in 2004 with a \$45 million bond issue.

Chairman Geymann thanked the department for appearing before the subcommittee.

Subcommittee on General Government

Report on the Department of Culture, Recreation and Tourism

The Department of Culture, Recreation and Tourism consists of six offices: the Office of the Secretary, the Office of the State Library for Louisiana, the Office of State Museums, the Office of State Parks, the Office of Cultural Development and the Office of Tourism.

Summary of Committee Meeting

The Appropriations Subcommittee on General Government met on March 27, 2008 to hear testimony on the budget for the Department of Culture, Recreation and Tourism. Paul Prejean, budget analyst for the House Fiscal Division, presented the budget for the department, including a review of the department's means of finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, and a review of total funding for each office within the department.

Mr. Prejean discussed the budget adjustments related to the increases and decreases to the overall funding in the department. The net effect was an overall decrease in the recommended budget.

Lt. Governor Mitch Landrieu gave an overview of the mission of the Office of the Lt. Governor and the Department of Culture, Recreation, and Tourism.

The Lieutenant Governor spoke at length about the mission and goals of the Department of Culture, Recreation and Tourism.

Questions

Chairman Geymann asked the Lt. Governor and the Secretary of CRT, Dawn Watson, to explain how the reduction of twenty-four T.O. for state parks hurts the department and realistically how many positions could they give up.

Dawn Watson, Secretary of the Department of Culture Recreation and Tourism responded that the department would like all of the vacant authorized positions that were eliminated to be restored.

Representative Champagne asked what types of jobs would be cut given the current status of the executive budget and the affects of these cuts on the Louisiana Outdoor Opportunity Program (LOOP). She recommended restoring the budget for CRT and Lt Governor.

Stuart Johnson of CRT responded that the jobs consist of maintenance workers, park managers and custodial workers. The positions to be cut would be taken from the various parks in the state.

CRT Secretary Dawn Watson stated that the calculations determining the number of positions to be taken from CRT was misleading due to issues with Hurricane Katrina. Many of the parks were closed immediately following the hurricane and there was no need to fill vacant positions during that time. Now that the parks are back online the positions are necessary to fulfill the mission of the CRT.

Chairman Geymann asked for the cost of LOOP. Desiree Honore answered that the cost of the program is \$285,000.

Representative Fannin asked further questions about the T.O. reduction including the average number of vacant positions reduced in the state parks.

Lt. Governor Mitch Landrieu responded that the method used by the Division of administration was flawed in that it didn't factor in the effect of Hurricane Katrina.

Representative Morrell asked about the effects of losing the T.O. as recommended in the executive budget.

Lt. Governor Landrieu said that there were two available approaches to dealing with that issue. The first would be to reduce the operating hours for the parks and the second would be to close the park for portions of the year.

Chairman Geymann thanked the department for appearing before the subcommittee.

Report on the Department of Revenue

The Department of Revenue's total FY 08-09 Executive Budget recommendation is \$103 million (\$22.8 million State General Fund) allocated among the following budget units: Office of Revenue and the Louisiana Tax Commission.

Summary of Committee Meetings

February 19, 2008

The General Government Appropriations Subcommittee met to hear an overview of the FY 07-08 budget for the Secretary of State, Department of Agriculture, Lieutenant Governor, Department of Culture Recreation and Tourism, Department of Revenue, Department of Justice and the Executive

Department. Paul Prejean, Connie Percell, Elise Read, and Chris Keaton budget analysts for the House Fiscal Division, presented an overview of the different agencies within these departments. A power point presentation outlined the role and mission of the different agencies, strategic locations around the state and an overview of the current budget.

March 27, 2008

The General Government Appropriations Subcommittee met to hear an overview of the FY 07-08 budget for the Department of Veterans Affairs, Department of Revenue, and Department of Civil Service.

Connie Percell presented a brief report on the Department of Revenue. Committee members questioned Cynthia Bridges, Secretary for the Department of Revenue and Clarence Lymon, Undersecretary for the Department of Revenue, on issues within the department.

Questions

Chairman Geymann asked why the Department of Revenue's State General Fund declined. Connie Percell explained to Representative Geymann that the Department of Revenue has excess fees and self-generated revenues that have been utilized in the FY 08-09 Executive Budget. Ms. Percell went on to state that the Department of Revenue will need the State General Fund replaced in the FY 09-10 budget because they will have used all of the excess fees and self-generated revenues.

Subcommittee on General Government

Report on Department of Civil Service

Summary of Committee Meeting

The Department of Civil Service includes State Civil Service, Municipal Fire and Police Civil Service, Ethics Administration, State Police Commission and Division of Administrative Law.

State Civil Service - Anne Soileau, Director of State Civil Service presented a power point presentation which included employment statistics, compensation, staffing, workforce planning, discipline, appeals, and accountability in state government. State Civil Service provided handouts that included the function, purpose and structure of the State Civil Service Commission and the commission members; a table showing the annual salary distribution of classified full time employees in non-temporary positions; a graph showing the number of classified full time employees relative to the salary range in non-temporary positions, an example of a correction cadet job specification, and the protective service pay schedule effective July 2, 2007.

Ms. Soileau also discussed the proposed pay raises for a thousand state workers. The proposed pay plan will raise minimum pay for state workers, as a part of the department's effort to enable state government to better compete with the private sector for employees. Ms. Soileau testified that it is hard to attract people to state service because the starting salaries are too low. The salaries are ten percent below the market average. Ms. Soileau said the state's employment agency struggles to attract employees to fill necessary jobs because of higher pay in the private sector. She stated that three options have been submitted to Governor Jindal's budget planners that could provide from three percent to ten percent pay raises to approximately 7,400 state employees. The costs would range from \$2 million to \$10.4 million, including pay and related benefits. The Civil Service proposals would increase the minimum or entry level within those ranges. The proposed pay plan is on the agenda for the May meeting for approval by the Civil Service Commission.

Eddriene Sylvester, House Fiscal Division analyst, presented the budget for the agency, including a review of the agency's means of finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, and a review of total funding of the agency.

Ms. Soileau was present to answer questions for the agency. Rep. Ligi stated Louisiana has a large number of state government employees per capita. He asked Ms. Soileau if she had heard anything about Louisiana employing too many people. Louisiana is ranked twelfth in the nation in per capita ratio. Rep. Ligi asked if there were any surveys on public satisfaction with state government services. Ms. Soileau responded that she did not know if any, but agreed to research and provide an answer.

Chairman Fannin asked the level the budget office budgets for each position relative to the minimum and maximum of a pay range. Ms. Soileau stated that an agency can hire a new employee up to the third quartile of a pay range or they can ask for a special entrance rate. Rep. Fannin asked whether agencies are usually funded at the mid point of the pay range. Ms Sylvester stated that yes, agencies are funded at the mid point of a pay range and the agency has flexibility on hiring an individual up to the third quartile based on education, exceeding minimum qualifications of the position, and previous work experience. Chairman Fannin asked why the number of employees decreased from 2005 to 2006 based on the handout on state employment statistics. The number of employees decreased in state government after the hurricanes and departments used temporary staff to perform work duties. Chairman Fannin asked how many unclassified employees move to classified positions and how many of these employees keep their unclassified salaries. Ms. Soileau stated that she will have to check the data for those statistics and provide information later.

Chairman Geymann asked if everyone received a merit increase of four percent in the Executive Department. Ms. Soileau stated that not all employees receive a four percent merit increase because the individuals may have reached the maximum of the pay range of the pay schedule or the individual's supervisor may have not recommended a merit increase based on the Performance Planning Review (PPR) report which includes the individuals rating on work expectations and work performance. She also discussed other monetary rewards an individual may receive; an optional pay adjustment, a one-time lump sum payment up to ten percent of the current salary, and a maximum ten percent increase added to the base salary.

Municipal Fire and Police Civil Service - Eddriene Sylvester, House Fiscal Division analyst, presented the budget for the agency, including a review of the agency's means of finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, and a review of total funding of the agency.

Mr. Robert Lawrence, Deputy State Examiner of Municipal Fire and Police Civil Service, was in attendance to answer questions for the agency. Chairman Geymann asked Mr. Lawrence to expound on the training video expense. Mr. Lawrence stated funding was provided for a training video for the Civil Service Boards. Taped information will be on a DVD to help the board understand actual events regarding a situation and assist them with making decisions when an appeal is filed. Also, watching the DVD will build the confidence in the members' decisions in the appeals process and reduce appeals to the 19th Judicial District Court.

Ethics Administration - Eddriene Sylvester, House Fiscal Division analyst, presented the budget for the agency, including a review of the agency's means of finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, a review of total funding of the agency, and information relative to Ethics Reform.

Mr. Richard Sherburne, of the Ethics Administration, was in attendance to answer questions for the agency. Mr. Sherburne stated that the new changes to ethics reform has created challenges for the program and the agency is trying to work out obstacles relative to ethics reform to make it successful for the state.

Mr. Sherburne stated that the new changes to Ethics Reform has created challenges for the program and the agency is trying to work out obstacles relative to Ethics Reform to make it successful for the state. Chairman Geymann asked if the \$1.5 million added in the Executive Budget was the amount contained in the fiscal note during the First Extraordinary Legislative Session of 2008. The \$1.5 million is the same number since the beginning of the process for Ethics Reform. The amount appropriated is adequate for servers, software, etc. He also stated that the amount appropriated is an estimate because it is difficult to determine how many people will ask for extensions, how many reports will be received, and how many complaints will be filed.

Chairman Fannin asked Mr. Sherburne if the agency will need the same funding in FY 09-10. Some of the funding provided in FY 08-09 will be non-recurred for one-time expenditures such as software. The agency is interested in moving to a digital system which will reduce the cost of copies, shipping, and labor. The Texas Board of Ethics accomplishes most of their work electronically. Chairman Geymann asked if the funding included enhancements. Mr. Sherburne stated it included the purchasing of new equipment to replace older units.

State Police Commission - Ms. Sylvester presented the budget for the agency, including a review of the agency's means of finance, significant budget increases for FY 08-09, a review of total funding of the agency, and information relative to State Police Commission.

Ms. Debra Johnson, Director of the the State Police Commission was in attendance to answer questions for the agency. Chairman Geymann asked how many additional state police will be hired. Ms. Johnson stated approximately 50 troopers will be hired. Currently, there is a cadet class being held to train and hire individuals who are interested in becoming state troopers. Chairman Geymann asked what will they do? Ms. Johnson stated they will be assigned to road duty.

Chairman Fannin asked if employees of the State Police Commission received the standard four percent merit increase. Ms. Johnson responded that the employees are all unclassified in the agency and they receive a standard four percent merit increase based on the rating of the Performance Planning Review (PPR) report. Chairman Fannin asked what are related benefits. Related benefits are retirement, group insurance, and medicaid tax paid for each employee by the agency.

Division of Administrative Law (DAL) - Ms. Sylvester presented the budget for the agency, including a review of the agency's means of finance, significant budget increases for FY 08-09, significant budget decreases for FY 08-09, a review of total funding of the agency, and information relative to Ethics Reform and special entrance rate for Administrative Law Judges.

Ms. Ann Wise, Director of Administrative Law, was in attendance to answer questions for the agency. Ms. Wise requested that the executive budget be amended because funding provided to handle hearings for Ethics Administration should be \$384,670 and four positions, an increase of \$117,275 and one position (per the fiscal note for HB 41).

Ms. Wise stated that it is preferable that Ethics Administration transfer funding via Interagency Transfers (IAT) to DAL for hearings. In order to accomplish this, Ms. Sylvester pointed out that an amendment will have to be done for a means of finance substitution to reduce the state general fund by \$267,395 and increase IAT. Also, a companion amendment is needed for Ethics Administration.

Ms. Wise stated her agency has a recruitment and retainage problem of Administrative Law Judges (ALJ) because of the low paying salaries and the minimum qualifications. She would like to increase the salaries of current ALJ's to be able to retain them. Rep. Ligi asked if the \$144,000 added to the budget for recruitment and retention of ALJ's. Ms. Wise stated that the funds were added to the budget was to raise the salaries of ALJ's to \$80,000 per year. Currently, an ALJ employed at DAL makes \$75,000 per year. Ms. Wise asked State Civil Service to raise the salaries of the ALJ's. Ms. Wise stated that State Civil Service was in agreement. Ms. Wise said even if the salaries of ALJ's are raised to \$80,000 per year, the salary would still below the southern regional average.

Appropriation Subcommittee on General Government

Report on Executive Department, Veterans Affairs, Secretary of State, Attorney General, Lieutenant Governor, Treasury, Agriculture and Forestry, Culture Recreation and Tourism, Revenue, and Civil Service

SUBCOMMITTEE RECOMMENDATION

The goal of the subcommittees of the Appropriations Committee, the full committee, and the entire House, is to first act as good stewards of state taxpayer dollars by ensuring the most cost-efficient delivery of state services possible, while, at the same time, recognizing that "one-time" dollars should not be spent on recurring expenses.

In conclusion, after review of the above mentioned agency budgets, we the members of the Subcommittee on General Government recommend the following adjustments to the FY 08-09 budgets:

<u>Department</u>	<u>Minimum Adjustment</u>	<u>Maximum Adjustment</u>
Executive	(\$2,452,084)	(\$10,216,014)
Veterans Affairs	(\$300,000)	(\$1,297,695)
Secretary of State	(\$1,100,000)	(\$1,448,354)
Attorney General	(\$628,916)	(\$856,970)
Lt. Governor	(\$0)	(\$95,577)
Treasurer	(\$200,000)	(\$233,314)
Ag. & Forestry	(\$0)	(\$1,920,352)
CRT	(\$2,720,572)	(\$5,515,758)
Revenue	(\$0)	(\$459,069)

The minimum adjustment may be revised by the full Appropriations Committee. The amount of the revision will be determined at such time as the Revenue Estimating Conference meets and recognizes additional revenue for FY 08-09.

Appropriation Subcommittee on General Government

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ADDENDUM

FINAL ACTION OF APPROPRIATION SUBCOMMITTEE ON GENERAL GOVERNMENT

Representative Ligi recommended, and the committee approved, that expenditures in the Executive Department, Division of Administration, with respect to the Enterprise Resource Planning contract be withheld until the Appropriations Subcommittee on General Government has received a formal and complete report regarding the terms of the contract and the status of implementation from the Commissioner of Administration at the earliest possible date.

Representative Morrell recommended, and the committee approved the following: that the Attorney General's budget be reduced by \$628,916 in state general funds related to 13 funded vacant positions; that the budget should also reflect a decrease of 13 authorized positions; that the Attorney General's budget be reduced by \$228,054 in state general funds that would provide for salary increases to attract and retain qualified attorneys; and that the Attorney General not apply budget reductions to expenditures related to funds which are passed through the Attorney General's Office or to expenditures related to Legal Aide Professional Service Contracts or Ombudsman services.

Representative Champagn recommended, and the committee approved, that the six salaried boards and commissions appear before the Appropriations Subcommittee on General Government to present information on their budgets.

Chairman Geymann recommended, and the committee approved, that the Executive Office receive a budget adjustment increase of \$1,700,000 in Interagency Transfers for the Wallace Foundation Grant. The Wallace Foundation private grant funds are used to provide training programs for leaders at all levels of the education system by redesigning educational leadership preparation programs as a joint initiative between the Governor's Office, Board of Elementary and Secondary Education, LA Dept. of Education, LA Board of Regents, and university/district partnerships throughout the state.

Representative Champagn recommended, and the committee approved, that during the committee's consideration and completion of amendments for HB 1 that restoration to the budgets of the Department of Agriculture and the Department of Culture, Recreation, and Tourism be made a priority contingent upon available funds.

Chairman Geymann recommended, and the committee approved, the final report as amended be sent to the full Appropriations Committee.